

EXHIBIT D
REDACTED
TO BE FILED UNDER SEAL

CONFIDENTIAL

1 UNITED STATES DISTRICT COURT
2 NORTHERN DISTRICT OF CALIFORNIA
3 ATARI INTERACTIVE, INC.,)
4)
5 Plaintiff,)
6)
7 VS.) NO. C 18-03451 JST
8)
9 REDBUBBLE, INC.,)
10)
11 Defendant.)
12)
13 AND RELATED ACTIONS.)
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14 CONFIDENTIAL
15 VIDEOTAPED DEPOSITION
16 PURSUANT TO RULE 30(b)(6) OF REDBUBBLE, INC.
17 BY JAMES N. TOY
18 San Francisco, California
19 Thursday, December 12, 2019
20
21
22

23 Reported by:
24 LYDIA ZINN
25 RPR, FCRR, CSR No. 9223
Job No. CA 3811316
PAGES 1 - 207

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Confidential videotaped deposition
pursuant to Rule 30(b)(6) of Redbubble, Inc., by
James N. Toy, taken on behalf of Plaintiff
Atari Interactive, Inc., at Browne George Ross, LLP,
44 Montgomery Street, Suite 1280, San Francisco, CA
94104, beginning at 10:17 a.m. and ending at
6:11 p.m., on Thursday, December 12, 2019, before
LYDIA ZINN, Certified Shorthand Reporter No. 9223.

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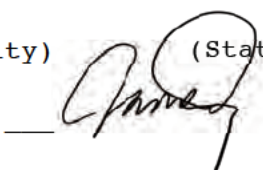
CONFIDENTIAL

12 VIDEOGRAPHER: This concludes today's
 13 deposition of 30(b)(6) corporate representative
 14 James N. Toy. The number of media used was four, and
 15 will be retained by Veritext Legal Solutions. The time 18:11:24
 16 is 6:11 p.m. We're off the record.

17 (At 6:11 p.m. the proceedings were adjourned.)

18
 19 I declare under penalty of perjury that the
 20 foregoing is true and correct. **with corrections as noted** Subscribed at
 21 Fairfax, CA, this 3 day of February 2020.

22 (City) (State)

23 
 24 JAMES N. TOY

25

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CONFIDENTIAL

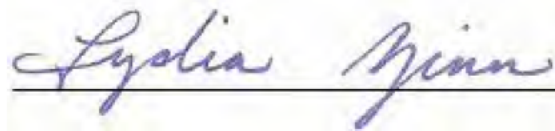
1 I, the undersigned, a Certified
2 Shorthand Reporter of the State of California, do
3 hereby certify:

4 That the foregoing proceedings were taken before
5 me at the time and place herein set forth; that any
6 witnesses in the foregoing proceedings, prior to
7 testifying, were placed under oath; that a verbatim
8 record of the proceedings was made by me using machine
9 shorthand which was thereafter transcribed under my
10 direction; further, that the foregoing is an accurate
11 transcription thereof.

12 I further certify that I am neither financially
13 interested in the action nor a relative or employee of
14 any attorney or any of the parties.

15 IN WITNESS WHEREOF, I have this date subscribed my
16 name.

17 Dated: December 26, 2019
18
19
20

21 
22

23 LYDIA ZINN, RPR, FCRR

24 CSR No. 9223
25

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JAMES TOY EXHIBIT 1002

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8 Attorneys for Plaintiff
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9

10 UNITED STATES DISTRICT COURT
11 NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION
12

13 ATARI INTERACTIVE, INC.,

14 Plaintiff,

15 vs.

16 REDBUBBLE, INC.,

17 Defendant.
18

19 AND RELATED ACTIONS
20
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Case No. 4:18-cv-03451-JST

*[Related to Case Nos. 3:18-cv-03843-JST;
3:18-cv-04115; 4:18-cv-04949-JST; and
4:19-cv-00264-JST]*

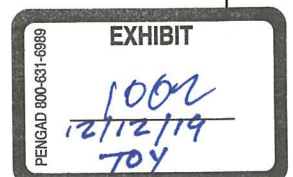
Judge: Hon. Jon S. Tigar

**PLAINTIFF ATARI INTERACTIVE,
INC.'S NOTICE OF DEPOSITION OF
DEFENDANT REDBUBBLE, INC.**

Date: December 11, 2019

Time: 9:30 am

Place: Browne George Ross, LLP
44 Montgomery Street, #1280
San Francisco, CA 94104



1 TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

2 PLEASE TAKE NOTICE that on December 11, 2019, starting at 9:30 a.m., at
3 the law offices of Browne George Ross LLP, 44 Montgomery Street, Suite 1280,
4 San Francisco, California 94104, plaintiff Atari Interactive, Inc. ("Atari") will take
5 the deposition of defendant Redbubble, Inc. ("Redbubble") pursuant to Federal
6 Rules of Civil Procedure 30(b)(6) on the topics set forth in "**Exhibit A**" below.
7 Atari requests that Redbubble identify the name(s) and position(s) of its designated
8 corporate representatives at least five business days prior to the date of the
9 deposition.

10 The deposition will be taken upon oral examination before a certified court
11 reporter and will continue from day to day, excluding Saturdays, Sundays, and legal
12 holidays, until completed.

13 The deposition will be recorded stenographically and by videotape. The
14 reporter will have real-time capabilities, including LiveNote or similar technology.

15
16 Dated: November 26, 2019

BROWNE GEORGE ROSS LLP

Keith J. Wesley

Milin Chun

Eric C. Lauritsen

Matthew L. Venezia



20
21 By: _____

Matthew L. Venezia

22 Attorneys for Plaintiff Atari Interactive, Inc.
23
24
25
26
27
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EXHIBIT ADEFINITIONS

1
2
3 1. "YOU," "YOUR" and "REDBUBBLE" means defendant Redbubble,
4 Inc., and any PERSON acting directly or indirectly by, through, under, or on behalf
5 of Redbubble, Inc., including but not limited to any current or former members,
6 directors, officers, agents, attorneys, employees, partners, joint venturers,
7 contractors, accountants, or representatives, and any current or former corporation,
8 partnership, association, trust, parent, subsidiary, division, affiliate, predecessor-in-
9 interest and successor-in-interest of Redbubble, Inc.

10 2. "ATARI" means plaintiff ATARI Technologies, Inc., as well as all
11 current or former directors, officers, employees, agents, contractors, attorneys,
12 accountants, representatives, subsidiaries, divisions, affiliates, predecessors-in-
13 interest and successors-in-interest, and any other PERSON acting on behalf of Atari
14 Technologies, Inc. pursuant to its authority or subject to its control.

TOPICS

- 15
16 • REDBUBBLE's corporate structure generally.
17 • REDBUBBLE's business model associated with the production, sale,
18 and distribution of merchandise, as well as the processing of payments
19 for the same—e.g. which of these activities are conducted in-house,
20 which are outsourced to third parties, etc.
21 • REDBUBBLE's policies and procedures regarding the use of
22 intellectual properties belonging to third parties on and in connection
23 with goods offered for sale on the redbubble.com website.
24 • REDBUBBLE's policies and procedures regarding the use of
25 trademarked materials belonging to third parties, whether registered or
26 unregistered, in search engine optimization.
27 • REDBUBBLE's use of intellectual properties belonging to ATARI in
28 search engine optimization and knowledge of its users use of the same.
• REDBUBBLE's use of intellectual properties belonging to ATARI on
and in connection with goods offered for sale on the redbubble.com
website.
• REDBUBBLE's use of intellectual properties belonging to third parties
on and in connection with goods offered for sale on the redbubble.com
website.

- 1 • REDBUBBLE's knowledge or other mental state associated with the
2 offering for sale, sale, manufacture, and distribution of products that
3 allegedly infringe upon ATARI's intellectual property rights.
- 4 • Any communications to which REDBUBBLE was a party reflecting
5 actual consumer confusion as to the source, origin, or affiliation of
6 goods bearing ATARI's trademarks appearing on the redbubble.com
7 website.
- 8 • REDBUBBLE's actual sales and revenues derived from merchandise
9 that allegedly infringes upon ATARI's intellectual property rights.
- 10 • REDBUBBLE's costs incurred in connection with the sale of
11 merchandise that allegedly infringes upon ATARI's intellectual
12 property rights.
- 13 • REDBUBBLE's revenues derived from the sale of merchandise that
14 allegedly infringes upon third parties' intellectual property rights.
- 15 • REDBUBBLE's costs incurred in connection with the sale of
16 merchandise that allegedly infringes upon third parties' intellectual
17 property rights.
- 18 • Other lawsuits or legal demands made against REDBUBBLE
19 concerning REDBUBBLE's use of intellectual properties owned by
20 third parties.
- 21 • Licensing agreements between REDBUBBLE and any third parties for
22 use of their intellectual property.
- 23 • REDBUBBLE's defenses in this case.
- 24 • REDBUBBLE's defense that Atari abandoned any intellectual
25 property.
- 26
- 27
- 28

PROOF OF SERVICE

Atari Interactive, Inc. v. Redbubble Inc.
U.S.D.C. N.D. CA, Oakland Division Case No. 4:18-CV-03451-JST

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

At the time of service, I was over 18 years of age and not a party to this action. I am employed in the County of Los Angeles, State of California. My business address is 2121 Avenue of the Stars, Suite 2800, Los Angeles, CA 90067.

On November 26, 2019, I served true copies of the following document(s) described as **PLAINTIFF ATARI INTERACTIVE, INC.'S NOTICE OF DEPOSITION OF DEFENDANT REDBUBBLE, INC.** on the interested parties in this action as follows:

SEE ATTACHED SERVICE LIST

BY MAIL: I enclosed the document(s) in a sealed envelope or package addressed to the persons at the addresses listed in the Service List and placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with the practice of Browne George Ross LLP for collecting and processing correspondence for mailing. On the same day that correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid. I am a resident or employed in the county where the mailing occurred. The envelope was placed in the mail at Los Angeles, California.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on November 26, 2019, at Los Angeles, California.



Andrea A. Augustine

SERVICE LIST

Atari Interactive, Inc. v. Redbubble Inc.

U.S.D.C. N.D. CA, Oakland Division Case No. 4:18-CV-03451-JST
[Related to Case Nos. 3:18-cv-03843-JST; 3:18-cv-04115; 4:18-cv-04949-JST;
and 19-cv-00264-JST]

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dsanfelippo@zuberlawler.com

Attorneys for Defendant
Redbubble, Inc.

JAMES TOY EXHIBIT 1044

ENTIRE EXHIBIT
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JAMES TOY EXHIBIT 1049

ENTIRE EXHIBIT
REDACTED

JAMES TOY EXHIBIT 1054

ENTIRE EXHIBIT
REDACTED

JAMES TOY EXHIBIT 1058



REDBUBBLE

ANNUAL REPORT 2018





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Founded in 2006, Redbubble is a global online marketplace (redbubble.com) powered by over 700,000 independent artists. Redbubble's community of passionate creatives sell uncommon designs on high-quality, everyday products such as apparel, stationery, housewares, bags, wall art and so on. Through the Redbubble marketplace independent artists are able to profit from their creativity and reach a new universe of adoring fans. For customers, it's the ultimate in self-expression. A simple but meaningful way to show the world who they are and what they care about.

This report covers Redbubble Limited as a consolidated entity consisting of Redbubble Limited (referred to in this report as Redbubble or the Company) and its controlled entities. Redbubble is a company limited by shares, incorporated and domiciled in Australia (ACN 119200592). Its registered office is at Level 3, 271 Collins Street, Melbourne VIC 3000. Redbubble is listed on the Australian Securities Exchange (ASX:RBL). Through the use of the internet, the Company ensures that our corporate reporting is timely, complete and available globally. All press releases, financial reports and other information are available on the Redbubble Investor Centre at shareholders.redbubble.com

REDBUBBLE

Year in Review

Key financial and other metric highlights (year on year comparison)

\$m for financial year (unless otherwise indicated)	FY17	FY18	% change**
Key financial metrics – financial performance			
Gross Transaction Value (GTV)*	175.4	231.3	31.9%
Repeat GTV*	66.6	87.6	31.7%
Revenue from ordinary activities	141.0	182.8	29.7%
Fulfiller expenses	90.8	118.8	30.8%
Gross profit*	50.1	63.9	27.5%
Gross profit margin (%)*	35.6%	35.0%	(1.7%)
Paid acquisition	12.2	16.8	36.9%
Gross profit after paid acquisition (GPAPA)*	37.9	47.1	24.4%
GPAPA margin (%)*	26.9%	25.8%	(4.0%)
Net operating expenses (exclusive of capitalised development costs)^	46.0	54.5	18.7%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(8.1)	(7.4)	8.4%
Profit / (Loss)* ^	(7.6)	(10.1)	(33.1%)
Net Loss After Tax	(7.6)	(10.1)	(33.1%)
Loss per security (cents)	0.04	0.05	(25%)
Key financial metrics – financial position (at 30 June)			
Cash at bank	27.8	21.3	(23.6%)
Intangible assets (Capitalised development costs)	8.9	10.5	19%
Deferred tax assets	14.0	8.7	60.2%

For other metrics please refer to the Redbubble FY18 Full Year Results Presentation

* GTV, Gross profit, Gross profit margin, GPAPA, GPAPA margin and EBITDA are non-IFRS measures that are presented to provide readers a better understanding of Redbubble's financial performance. The non-IFRS measures are unaudited, however, they have been derived from the audited financial statements.

** % change calculations for key financial metrics are based on unrounded numbers.

^ Net operating expenses and EBITDA includes share based payment expenses. EBITDA differs from Operating EBITDA in that Operating EBITDA excludes share based payment expenses and foreign exchange gains and losses.

1. Revenue from services

The Group provides an internet-based marketplace platform and associated services to facilitate the sale of goods from artists to those who want to purchase goods bearing the artists' designs. Artists display and sell art via the Group's website. The Group aggregates demand from the buyers to support preferential relationships between third party suppliers, fulfillers and drop shippers and the artists, using the Group's platform.

Revenue from services provided in connection with facilitating the sale of goods is recognised when the goods are shipped and the amount can be measured reliably at the value of the consideration received or receivable. The Group is acting as the artists' agent in arranging for the selling of the artists' goods to customers. The amounts collected on behalf of artists are not recognised in the income statement. The revenue recognised by the Group is effectively the cost of fulfilment and shipment plus the Group's margin.

Amounts disclosed as revenue are net of trade discounts, returns, rebates, taxes and transaction fraud.

Critical accounting estimates and judgements - The Group is required to exercise critical judgement when determining whether it recognises revenue as either a principal or an agent. The Group has determined, for accounting purposes only, it is acting as the artists' agent in arranging for the selling of the artist's goods to customers.

Given the nature of the relationship between the Group and product fulfillers and the associated risks and rewards, the Group has determined, for accounting purposes only, it is acting as a principal with respect to fulfillers as opposed to as an agent.

The new revenue standard, AASB 15 – Revenue from contracts with customers, which supersedes all current revenue recognition requirements under Australian Accounting Standards, is effective for the Group for the next financial year (from 1 July 2018). The implications for the Group have been disclosed at note 23(i).

2. Employee and contractor costs

	2018 \$'000	2017 \$'000
Salary costs	24,976	20,765
Contractor costs	4,887	4,771
Share-based payments expense	2,701	2,552
Superannuation costs and other pension related costs ⁽¹⁾	2,137	1,643
Total employee and contractor costs	34,701	29,731

⁽¹⁾ Includes contribution to 401K funds, which is the superannuation equivalent for the US subsidiary, and contributions to pension funds in Germany.

17. Commitments and contingencies (continued)**Operating leases – Group as lessor (continued)**

	2018 \$'000	2017 \$'000
Within one year	662	-
Later than one year but not later than five years	1,234	-
More than five years	-	-
Total lease commitments	1,896	-

(b) Contingencies**Legal claim contingencies**

As at the date of these financial statements there are current lawsuits filed against some of the entities within the Group that relate to alleged intellectual property infringement and/or breach of consumer laws. There is no certainty around the amount or timing of any outflow should any of the actions ultimately be successful (at first instance or on appeal, as applicable). The Group does not consider that any of the current actions are likely to have a material adverse effect on the business or financial position of the Group.

Sales tax

A decision of the United States Supreme Court in June 2018 on a matter known as the Wayfair case has potentially changed the sales tax landscape in that country by creating an economic nexus for the imposition of sales tax based on the residence of the customer as opposed to the pre-existing nexus which depends upon the physical presence of the seller. Following the decision it is probable that a number of US States will enact legislation or enforce legislation that already exists to require the Group to collect and remit sales taxes in those States. It is likely that the various state legislations will have prospective effect but there is the possibility of some states applying those taxes retrospectively. Accordingly, there is considerable uncertainty when the taxes in each State will apply and the amount that might need to be collected and remitted.

The Group already collects and remits sales taxes in the state in which it has a physical presence in the US (California) and is preparing to do the same for other US states should the Wayfair decision get finalised in the manner it is expected.

18. Share-based payments

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account.

The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted. This expense takes into account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions. Non-market vesting conditions are taken into account when considering the number of options expected to vest and at the end of each reporting period, the Group revisits its estimate. Revisions to the prior period estimate are recognised in the income statement and equity.

JAMES TOY EXHIBIT 1060



ANNUAL REPORT 2019



EXHIBIT
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12/12/19
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Founded in 2006, the Redbubble Group incorporates Redbubble Limited and its subsidiaries, including TP Apparel LLC (TeePublic). The Redbubble Group owns and operates the leading global online marketplaces hosted at Redbubble.com and TeePublic.com, powered by over one million independent artists. The Redbubble Group's community of passionate creatives sell uncommon designs on high-quality, everyday products such as apparel, stationery, housewares, bags, wall art and so on. Through the Redbubble and TeePublic marketplaces, independent artists are able to profit from their creativity and reach a new universe of adoring fans. For customers, it's the ultimate in self-expression. A simple but meaningful way to show the world who they are and what they care about.

This report covers Redbubble Limited as a consolidated entity consisting of Redbubble Limited (referred to in this report as Redbubble or the Company) and its controlled entities. Redbubble is a company limited by shares, incorporated and domiciled in Australia (ACN 119200592). Its registered office is at Level 3, 271 Collins Street, Melbourne VIC 3000. Redbubble is listed on the Australian Securities Exchange (ASX:RBL). Through the use of the Internet, the Company ensures that our corporate reporting is timely, complete and available globally. All press releases, financial reports and other information are available on the Redbubble Investor Centre at shareholders.redbubble.com

Year in Review

Key financial highlights (year on year comparison)

	FY19 \$'m	FY18 \$'m	Change %
Restated ⁽ⁱ⁾			
Total reported revenue from services	307.0	218.7	40%
Less Artists' margin	(50.1)	(35.9)	40%
Marketplace revenue	256.9	182.8	41%
Gross profit	94.5	63.9	48%
Gross profit margin on Marketplace revenue	36.8%	35.0%	5%
Paid acquisition costs (marketing)	(27.1)	(16.8)	61%
Gross Profit After Paid Acquisition costs (GPAPA)	67.5	47.1	43%
GPAPA % (on marketplace revenue)	26.3%	25.8%	2%
Operating expenses	(63.7)	(51.0)	25%
Operating EBITDA	3.8	(3.8)	200%
Operating EBITDA % (on marketplace revenue)	1.5%	(2.1%)	172%
Other income/expenses	(8.5)	(3.5)	143%
EBITDA (loss/profit)	(4.7)	(7.4)	36%

(i) On 1 July 2018 the Group adopted IASB 15 - Revenue from Contracts with Customers using the full retrospective method of adoption. Prior year comparatives have been restated to align the accounting treatment across both periods.

Highlights & Commentary

FY2019 Financial Performance

Key financial measures for the consolidated Redbubble Group ("RB Group") in FY2019 (with year on year ("YoY") growth rates, where applicable) are:

- Marketplace Revenue of \$257 million, up 41% (up 34% on a constant currency basis).
- Gross profit of \$95 million, up 48% (up 41% on a constant currency basis).
- Gross profit margin up 1.8pp to 36.8% (based on Marketplace Revenue).
- Cash operating expenses of \$64 million, up 25% (up 20% on a constant currency basis).
- Operating EBITDA profit of \$3.8 million, an improvement of \$7.7 million from a FY2018 loss of \$3.8 million.
- EBITDA loss of \$4.7 million, an improvement of \$2.7 million from a FY2018 loss of \$7.4 million.
- Income tax expense of \$15.2 million resulting predominantly from Management's position to write off the deferred tax asset as communicated at the time of the July Appendix 4C.
- Net loss after tax of \$27.7 million compared to \$10.0 million in FY2018, mainly due to the write off of the deferred tax asset.

FY2019 Cashflows

The total cash balance for FY2019 increased by \$78 million compared to a \$6.6 million decrease in FY2018. The closing cash balance at 30 June 2019 was \$29.0 million. Aggregate operating and investing cash outflow (negative free cash flow) was \$3.1 million in FY2019, improved by 56% compared to \$6.9 million in FY2018. The RB Group has no debt.

Business Update

The RB Group continues to make progress in areas of strategic investment that are critical to long term marketplace growth and profitability. FY2019 metrics are reported below and outlined in the July Investor Presentation:

- Product revenue¹ from authentic sellers² at Redbubble grew by 39% and represented 76% of Redbubble product revenue
- Marketplace revenue from members grew by 109%, equating to 29% of Redbubble marketplace revenue
- The RB Group has on-boarded a total of 48 brands, with 25 new brands in 4Q FY2019. In addition, licensed content increased 46% from 3Q totaling 350,000 works
- Five new products were launched resulting from re-platforming work enabling efficient and fast new product launches
- 140% growth in marketplace revenue from the iOS app. Work has commenced on the development of the Android app

¹ Product revenue is the portion of Marketplace revenue derived from Product sales. It excludes Shipping revenue.

² Defined as those artists that tend to upload high quality, original works which resonate well with customers. Data Science work during 2018 has helped identify this critical segment at Redbubble and significant development investment has been focused on increasing the output of this group. Redbubble's artists are yet to be segmented.

REDUBBLE

- Cash operating expenses of \$64 million, up 25% (up 20% on a constant currency basis).
- Operating EBITDA profit of \$3.8 million, an improvement of \$7.7 million from a FY2018 loss of \$3.8 million.
- EBITDA loss of \$4.7 million, an improvement of \$2.7 million from a FY2018 loss of \$7.4 million.
- Income tax expense of \$15.2 million resulting predominantly from Management's position to write off the deferred tax asset as communicated at the time of the 4C.
- Net loss after tax of \$27.7 million compared to \$10.0 million in FY2018, mainly due to the write off of the deferred tax asset.

Marketplace Revenue growth has been driven by the accelerating TeePublic business. At Redbubble, results from strategic investments lay the groundwork for a return to healthy topline growth.

The Group continues to strengthen gross margins leveraging scale and localisation benefits in fulfillment and shipping along with pricing optimisation to increase its effective take rate.

Across the Group, FY2019 marketing spend, while increasing from FY2018, represented 10.5% of Marketplace Revenue, well below many online marketplaces /

e-commerce peers. Both businesses continue to generate profitable paid marketing growth.

The Group achieved significant operating leverage during FY2019 with 48% Gross Profit growth outpacing growth of 34% in expenses (aggregate of Operating Expenses and Marketing) during FY2019. This leverage has been achieved as teams focus on productivity and investments are made in automation.

The total cash balance for FY2019 increased by \$7.8 million compared to a \$6.6 million decrease in FY2018. The closing cash balance at 30 June 2019 was \$29.0 million. Aggregate operating and investing cash outflow (negative free cash flow) was \$3.1 million in FY2019, improved by 56% compared to \$6.9 million in FY2018. The Redbubble Group has no debt.

As flagged at the time of the July Appendix 4C release, management has taken a conservative view and has written off its deferred tax asset from the balance sheet derived from post-IPO taxation losses. As at the end of FY2019, the Group has, in aggregate, \$97 million of losses (FY2018 \$75 million). The Group's position on tax losses is now completely consistent, with all losses de-recognised but still remaining in existence for taxation purposes.

A reconciliation of reported results to non-IFRS numbers in this Directors' report is provided below.

Reconciliation of reported results to non-IFRS⁽¹⁾ numbers

	2019 \$ m ⁽²⁾	2018 \$ m ⁽²⁾
Restated in		
Total reported revenue from services	307.0	218.7
Less Artists' margin	(50.1)	(35.9)
Marketplace revenue	256.9	182.8
Fulfiller expenses	(162.4)	(118.9)
Gross profit	94.5	63.9
Gross profit margin on Marketplace revenue	36.8%	35.0%
Paid acquisition costs	(27.1)	(16.8)
Gross Profit After Paid Acquisition costs (GPAPA)	67.5	47.1
Cash Operating Expenses	(63.7)	(51.0)
Operating (Cash) earnings before interest, tax, depreciation and amortisation (EBITDA)	3.8	(3.8)
Depreciation and amortisation	(8.1)	(7.8)
Other expenses	(1.5)	(0.8)
Share based payments	(5.9)	(2.7)
TeePublic acquisition costs	(1.2)	-
Interest and other income tax	0.4	0.4
Total Loss before income tax	(12.5)	(14.7)
Income tax (expense)/benefit⁽⁴⁾	(15.2)	4.7
Reported total loss for the year	(27.7)	(10.0)

(1) Non-IFRS measures are presented to provide readers a better understanding of Redbubble's financial performance. The non-IFRS measures are unaudited, however, they have been derived from the audited financial statements.

(2) For presentation purposes, numbers have been rounded to millions of dollars, however calculations are based on unrounded numbers.

(3) On 1 July 2018 the Group adopted AASB 15 - Revenue from Contracts with Customers using the full retrospective method of adoption. Prior year comparatives have been restated to align the accounting treatment across both periods.

(4) Details of the movement in the income tax expense/benefit are found in note 7(b) of the Financial Statements. The movement is predominantly due to Management's decision to write off the deferred tax asset during the year.

Business Update

RB Group is making progress in areas of strategic investment that are critical to long term marketplace growth and profitability.

For the Redbubble business, key initiatives are starting to power the business:

- Artists: Product Revenue⁵ from authentic sellers at Redbubble grew by 39% in FY2019 and now represent 76% of Redbubble Product Revenue.
- Membership: During FY2019, Marketplace Revenue from members grew by 109%, being 29% of Redbubble Marketplace Revenue, and there were 5.7 million active members on Redbubble.
- Mobile App: Redbubble iOS app saw growth in Marketplace Revenue of 140% in FY2019 and work is underway on the development of an Android app. In 4Q, the iOS app represented 8% of Redbubble Marketplace Revenue.
- Branded Marketing: A strengthening brand is allowing a shift of spend to lower cost channels e.g. direct and branded search. RB Group 4Q marketing spend was only 9.7% of Marketplace Revenue.
- Content Partners: RB Group has on-boarded a total of 48 brands, added 25 new brands in 4Q, and the volume of licensed content grew to 350,000, up 46% quarter-on-quarter.
- New Products: 5 new products (throw blankets, bathmats, shower curtains, glossy and transparent stickers) were launched in 4Q, after the completion of re-platforming work enabling efficient and faster new product launches.
- Fulfillment: Continued to reduce fulfillment costs while increasing customer NPS by 3 points to 68 which is an excellent score; and
- Operating Costs: Redbubble operating expenses grew by only 12% in FY2019, achieved by management spending discipline.

For the TeePublic business, significant progress has been made across the following aspects:

- Paid Marketing: Grew and scaled efficiently across paid channels, particularly Google Shopping;
- Content Partners: Built core process for fan art and onboarded first brands, including Star Trek;
- Europe: Expanded fulfillment network and enhanced market coverage via localisation;
- Supply Chain Improvements: Enabled additional US fulfillment and migrated to faster, lower cost shipping service, and

- Improving Margins: Leveraged Group scale to achieve improved fulfillment costs and sharing insights on pricing and promotions.

These initiatives have provided individual benefit for TeePublic as well as some collective benefits across the RB Group.

Strategy and likely developments in operations

RB Group is targeting long term growth in a large addressable market. The business has demonstrated progress across a number of strategic initiatives aimed at diversifying the Group's sources of growth and profitability. The priorities remain:

- Grow customer base and increase loyalty through personal 'creative adventures' and member experiences;
 - Launch and sell products that artists want to design for and customers will love;
 - Build deeper relationships with authentic artists by increasing their commercial success;
 - Launch and expand content partnerships with the world's leading fan art brands;
 - Maintain strong growth and synergy value of TeePublic, leveraging new product, on-boarding content partnerships and geographic growth opportunities; and
 - Persist in current discipline to improve the Group's take rate, extract maximum value from marketing channels, and maintain operating expenses and cash discipline.
- The business is focused on the strategic work to reach the milestone of \$1 billion in sales and current economics demonstrate that this can be achieved profitably.

Significant changes in the state of affairs

In the Directors' opinion, apart from the acquisition of the TeePublic business noted above, there have been no significant changes in the state of affairs of RB Group during the 2019 financial year.

⁵ Product revenue is the portion of Marketplace revenue derived from Product sales. It excludes Shipping revenue.

2. Changes in significant accounting policies

AASB 15 Revenue from Contracts with Customers (AASB 15)

AASB 15 supersedes the prior standards for revenue recognition including, AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations. AASB 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers and is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted AASB 15 using the full retrospective method of adoption. The following tables show the impact of this new standard on the reported 30 June 2018 comparative figures.

Impact on Statement of Comprehensive Income

The impact on the Statement of Comprehensive Income for the year to 30 June 2018 is as follows:

	Reported 30 June 2018 \$'000	AASB15 Adjustments \$'000	Restated 30 June 2018 \$'000
Revenue			
Marketplace revenue	182,769	-42	182,811
Artists' revenue	-	35,907	35,907
Total revenue impact	182,769	35,949	218,718
Operating expenses			
Fulfiller expenses	(118,879)	(7)	(118,886)
Artists' margin	-	(35,907)	(35,907)
Operating expenses impact	(118,879)	(35,914)	(154,793)
Net profit impact	63,890	35	63,925

Prior to the adoption of AASB 15 the Group had determined, for accounting purposes, that it was acting as the artists' agent in arranging for the selling of artists' goods to customers on the basis that the Group's agency capacity is confirmed in the Group's user agreement. This agreement is the contractual basis upon which artists upload their work, sell products to customers and upon which the Group provides marketplace services (including acting in an agency capacity in the transaction between artist and customer). Whilst the Group retains that view of its legal position (the user agreement remains unchanged) it has been determined under AASB 15 that the Group is acting as principal for accounting purposes.

Under AASB 15, the Group has concluded that when the customer contracts with the Group, there is only one performance obligation for goods bearing the artists' designs. Both the artist and the Group are involved in satisfying the performance obligation. However, as the Group controls a substantial part of the process it is construed to be the party primarily responsible for satisfying the performance obligation, the Group is determined (for accounting purposes) to be the principal in the sale. The performance obligation is satisfied when control of the goods is transferred to the customer (in the Group's case, when delivered to the customer).

As the Group is seen as the principal (for accounting purposes) in the sale of goods bearing artists' designs, artists' revenue is included in revenue with the corresponding artists' margin being recognised in operating expenses.

2. Changes in significant accounting policies (continued)

Impact on Statement of Financial Position

The impact on the Statement of Financial Position as at 30 June 2018 is as follows:

	Reported 30 June 2018 \$'000	AASB15 Adjustments \$'000	Restated 30 June 2018 \$'000
Assets			
Other assets	248	1,825	2,073
Liabilities			
Unearned revenue	2,477	2,828	5,305
Equity			
Accumulated losses	(48,806)	(1,003)	(49,809)
Net assets	26,751	(1,003)	25,748

The impact on the Statement of Financial Position as at 1 July 2017 is as follows:

	Reported 1 July 2017 \$'000	AASB15 Adjustments \$'000	Restated 1 July 2017 \$'000
Assets			
Other assets	413	1,833	2,246
Liabilities			
Unearned revenue	2,527	2,871	5,398
Equity			
Accumulated losses	(38,747)	(1,038)	(39,785)
Net assets	33,649	(1,038)	32,611

Prior to the implementation of AASB 15, unearned revenue represented amounts received from customers for products that were not yet shipped. Once the item was shipped, revenue was recognised. Under the new standard the performance obligation is satisfied (and therefore revenue is recognised) when control of the goods is transferred to the customer, which is deemed to be when the product is delivered. This has impacted the timing of revenue recognition and increased the unearned revenue balance at 30 June 2018. The corresponding cost of goods that have been manufactured but are in transit to customers is not recognised as an expense until control of the goods is transferred to the customer.

There is no impact on the Statement of Cash Flows or basic and diluted EPS.

AASB 9 Financial Instruments

AASB 9 Financial Instruments (AASB 9) replaces AASB 139 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. Due to the nature of the Group's financial instruments, the implementation of AASB 9 has not had a material impact on the Group.